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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 COME-00 DOTE-00
FEA-01 STR-04 NSC-05 ERDA-05 AID-05 CEA-01
CIAE-00 DODE-00 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 OMB-01 PM-04 USIA-06 OES-06 SP-02 SS-15
TRSE-00 ACDA-07 AGRE-00 FRB-03 LAB-04 PA-01
ITC-01 PRS-01 /130 W
----------270301Z 127363 /12
R 261707Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7708
INFO AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY TOKYO
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY BRUSSELS
USMISSION GENEVA
USDEL MTN GENEVA
USMISSION OECD PARIS
USMISSION EC BRUSSELS

C O N F I D E N T I A L BONN 07162

E.O. 11652: GDS
TAGS: ETRD, GW
SUBJECT: GERMAN REACTION TO PROPOSED AUTO TAX/REBATE SYSTEM

REF: (A) STATE 90436, (B) BONN 6997

1. EMBOFF MET WITH ECONMIN CUSTOMS POLICY OFFICIAL (HOERIG) ON APRIL 26 FOR FURTHER DISCUSSION OF PROPOSED AUTO TAX/REBATE SYSTEM. DRAWING FULLY ON GUIDANCE CONTAINED IN REF A, EMBOFF EXPLAINED THE IMPORTANCE
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ACCORDED THIS PROPOSAL IN THE PRESIDENT'S ENERGY PROGRAM, AND STRESSED THAT THE U.S. IS FULLY PREPARED TO DISCUSS THE TRADE IMPLICATIONS OF THE PROPOSAL IN THE IEA, GATT, AND OECD. HE POINTED OUT THE U.S. INTENTION TO DEAL WITH THIS PROBLEM AS EQUITABLY AS POSSIBLE.

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2. HOERIG APPRECIATED OUR STATEMENT CONCERNING U.S. INTENTION TO CONSULT AND ACKNOWLEDGED THE IMPORTANCE OF ENERGY CONSERVATION, BUT WARNED THAT THIS PROPOSAL IS GOING TO LEAD TO A MAJOR TRADE POLICY DISPUTE. HE RECALLED THAT AT THE TIME OF THE U.S. AUTO ANTI-DUMPING INVESTIGATION THE GERMAN AUTO INDUSTRY PLACED STRONG PRESSURE ON THE ECONMIN TO TAKE ACTION TO DEFEND GERMAN TRADE INTERESTS. HE NOTED THAT THE GERMAN PRESS, INCLUDING THE INFLUENTIAL BUSINESS PAPER HANDELSBLATT, IS ALREADY FOCUSING ON THE IMPLICATIONS OF THE TAX/REBATE PROPOSAL FOR THE GERMAN AUTO INDUSTRY, AND SAID THAT HE WAS CERTAIN THAT THE FRG GOVERNMENT WOULD COME UNDER STRONG INDUSTRY PRESSURE TO DEFEND ITS GATT RIGHTS. HE STRESSED THAT THIS ISSUE IS NOT A MATTER OF EQUITY BUT OF A BINDING INTERNATIONAL AGREEMENT, AND URGED THAT THE U.S. FIND SOME OTHER MEANS TO REDUCE GASOLINE CONSUMPTION.

3. ACCORDING TO HOERIG, CHANCELLOR SCHMIDT HAS TAKEN A DIRECT INTEREST IN THE TAX/REBATE PROPOSAL, AND HAS DISCUSSED IT WITH ECONMIN OFFICIALS. JUDGING FROM THE STRENGTH OF THE CHANCELLOR'S INTEREST, HOERIG SAID THAT HE WAS SURE THAT SCHMIDT WOULD RAISE THIS ISSUE AT THE LONDON SUMMIT.
STOESSEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 26-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Reason:
Disposition Remarks:
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Office: ACTION EB
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Subject: GERMAN REACTION TO PROPOSED AUTO TAX/REBATE SYSTEM
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